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CITY & TOWN

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How Often Should a Community Reassess?

written by Ronald W. Rakow, Commissioner, Boston Assessing Department

There has been considerable debate within the Massachusetts assessing community on whether to retain the current three-year revaluation certification cycle or extend the period to five years. This debate has somewhat masked a related, and perhaps more relevant question: How often should assessed values be updated?

Under current law and practice, the Division of Local Services recertifies values once every three years. All communities, however, have the option of market indexing, or trending their assessments to reflect changes in the real estate market from the previous year.

Should communities update assessments annually? In Boston, we have chosen to follow an annual update policy, and found that there are a number of benefits, including:

Improved Equity

Since the Commonwealth shifted to the full and fair cash value standard, we have experienced an historic boom in real estate prices in the 1980s, an equally impressive bust in the early 1990s, followed by a sustained recovery in values. In fact, rapid change is the only common thread throughout this period.

An annual update process eliminates the lag between changes in the real estate market and the reflection of these changes in assessments that can result in an inequitable distribution of property tax obligations.

No "Sticker Shock"

Joan Youngman, a senior fellow at the Lincoln Institute of Land Policy and frequent author on property tax issues, states that many times large increases in assessments "stem not so much from extraordinary market activity, but instead from extraordinary assessment inactivity."¹ The failure to update assessments can contribute significantly to the tax impacts that create taxpayer dissatisfaction.

An annual update process allows for changes in the market to be phased in, avoiding more significant tax shifts and impacts which can occur when three year's worth of market appreciation is factored into a single assessment cycle.

Reduced Abatements

The state Appellate Tax Board has made it clear that they are not bound to the three-year certification cycle when evaluating the market value of properties in abatement appeal proceedings. As a result, in a down market, a community which fails to immediately reflect market changes in its assessments may be creating abatement liabilities. In a severe downturn, this can result in substantial abatement payouts that drain overlay reserve accounts and adversely impact a community's finances.

An annual update policy is not appropriate or even possible, in every community. For example, a city or large town with a full-time assessing staff is clearly better equipped and more able to keep assessments up-to-date than a smaller community with a part-time assessment presence.

The many technological advances in the tools available to assessors, however, make an annual update policy more attainable in many communities. A number of cities and towns have invested in geographic information systems (GIS) that can quickly bring complex real estate market trends into sharp focus. Powerful PC database and analysis tools have significantly reduced the effort required to perform assessment ratio studies and other analyses necessary to evaluate assessment levels and determine appropriate trending factors.

The administration of a sound assessment system is not a task that is pursued every third year. An annual update program can improve the quality and consistency of assessments and enhance the public's acceptance of the property tax. ■

¹Youngman, Joan, "Price Volatility and Property Tax Limitations," Land Lines: Newsletter of the Lincoln Institute of Land Policy, January 1998.

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LEGAL

in Our Opinion

The SJC's Look at Land Use Regulation

Does a governmental agency's denial of a development permit constitute a "taking" of real property? The Supreme Judicial Court recently answered this question in the negative and rejected a property owner's argument that denial of the permit, through governmental regulation restricting land use, was tantamount to an eminent domain taking under the state and federal Constitutions. The Court did not find any regulatory taking in the case of *Daddario v. Cape Cod Commission*, 425 Mass. 411 (1997).

In 1964, the plaintiff acquired a 70 acre parcel which was located in an agricultural zoning district in Falmouth. The Falmouth zoning by-laws allow earth removal in an agricultural zoning district by special permit. In 1994, the plaintiff applied to the Falmouth Zoning Board of Appeals (ZBA) for a special permit to extract sand and gravel on 32 acres of his land. Due to the development's potential regional impact, the ZBA referred the matter to the Cape Cod Commission (Commission).

The Commission was established under Chapter 716 of the Acts of 1989 to coordinate regional planning and land use development on Cape Cod. According to its written regional policy plan, the Commission seeks to balance economic development and the conservation of natural resources. It reviews any proposed development to determine conformity with the regional plan. The Commission will approve a proposed development if the project's benefits outweigh any detrimental impact, and if the project satisfies the regional policy plan and municipal development by-laws. If a project is disapproved by the Commission, an aggrieved party may appeal to the Superior Court or Land Court.

In the case at hand, the Commission held two public hearings and then denied the plaintiff's application for mining. The Commission wrote that the proposed mining would have an adverse impact on the Cape's natural resources. The plaintiff appealed immediately to the Land Court. The Land Court ruled that the Commission's decision amounted to a regulatory taking and ordered the Commission to approve the project with certain conditions.

The Commission then appealed to the Supreme Judicial Court. The Court disagreed with the Land Court judgment on two grounds. First, the Court cited U.S. Supreme Court decisions where taking claims were disallowed when governmental agencies had not rendered final determinations regarding the parcels under appeal. In the Supreme Judicial Court's view, the plaintiff's claim was not valid because the Commission had not made a final decision on the nature and extent of the development that it would approve for the Falmouth parcel.

Secondly, the Court ruled that the state and federal Constitutions did not prohibit the Commission's denial of the permit. Where there is a claim of regulatory taking, the Supreme Judicial Court wrote that three factors must be considered by the Court: the regulation's economic impact; the regulation's interference with investment-backed expectations; and the character of the governmental action. In this situation, the Court concluded that the denial of the mining permit did not prohibit a less extensive excavation of sand and gravel at the site. A review of the evidence disclosed, in fact, that the Commission had suggested that mining take place on 25 acres rather than on the 32 acres proposed, however, the plaintiff had rejected the Commission's alternative.

Even if less extensive mining was not economically feasible, in the Court's view, the subject parcel had substantial monetary value for other uses. Under the Falmouth by-laws, the parcel could still be used for agricultural and residential purposes. The Court, therefore, concluded that there was no taking. In effect, the Court held that a landowner is not entitled to the most financially profitable use of the land provided that the government regulation permits an economically viable use of the land. Land use regulation, in the court's view, "is not an all-or-nothing proposition." ■

written by James Crowley

City & Town Mailing

The Division of Local Services (DLS) is considering changing its policy on mailing copies of *City & Town*. As a cost cutting measure, we will no longer provide copies to municipal officials at their home addresses. Copies will be available at each city or town hall and in most public libraries.

Another alternative is to download *City & Town* from the DLS home page on the Internet. The internet address is on page 8.

DLS will no longer provide copies for each member of a board or department. Instead, we will send three copies to boards or departments with five or fewer members, and five copies to larger boards. We ask that local officials share the publication. There are no restrictions on copying issues of *City & Town*, or other DLS publications. If sharing is not feasible, please contact DLS at (617) 626-2405.

Our goal is to extend our resources as far as possible while continuing to make *City & Town* available to as many readers as possible. The new policy would be implemented as of July 1, 1998. ■

FOCUS

on Municipal Finance

Effects of New Growth

The strong economy in Massachusetts has spurred development of real estate. This article looks at the effect of new development and other growth on the amount that municipalities can raise through property taxes. Proposition 2½ restricts the amount of property taxes a community can levy to 2.5 percent of the total assessed value of its taxable property (levy ceiling) and constrains the annual increase in the tax levy to 2.5 percent plus two other factors: new growth and overrides (levy limit).

The annual increase in the levy limit due to new growth is based on the amount of new development and other growth in the tax base that is not the result of revaluation or normal market-based appreciation. This includes: new residential or commercial development, condominium conversion, or improvements to existing properties. The purpose of the new growth provision is to recognize that new development will bring additional municipal costs (e.g. schools, roads and public safety). Rather than reallocating a fixed levy limit among an expanded tax base, the growth provision increases the levy limit by an amount equal to the assessed value of the new development multiplied by the prior year's tax rate for the appropriate property class. Essentially, then, the new growth increment added to the levy limit reflects a representative tax bill for the new

construction based on the prior year's tax rate.

The effect of new growth on a community's ability to raise revenue through the property tax can be measured by percentage of the total levy limit, net of temporary debt and capital exclusions. In order to moderate the effects of unusual growth in any one year, this analysis looks at the average new growth amount and levy limit over a three-year period, FY96 through FY98. During this time period new growth accounted for 1.87 percent of the total levy limit statewide. This three-year average is close to the annual percentages (FY96, 1.79 percent; FY97, 1.85 percent; FY98, 1.82 percent). In individual communities the rate varied from 0.0 percent for Springfield and Lynn, which were prohibited from applying new growth because they had reached their levy ceilings, to 9.51 percent for Berlin over the three-year period. After Springfield and Lynn, the communities

with the next lowest percentages of new growth (over the three-year period) are Monroe (0.14 percent), Rowe (0.15 percent), Arlington (0.26 percent), Winthrop (0.38 percent) and Gosnold (0.45 percent). The communities with the next highest percentages of new growth (over the three-year period) after Berlin are Bolton (5.20 percent), Amesbury (5.16 percent), Douglas (5.14 percent), Franklin (5.12 percent) and Boxford (4.96 percent). In the high-end communities, new growth had a significant effect on the ability to raise revenue through the property tax.

In the current analysis, residential and open space property classes are grouped together as residential, and commercial, industrial and personal property classes are grouped together as commercial. Statewide, residential new growth accounted for 53 percent of new growth; commercial accounted for 47 percent. These ratios were fairly

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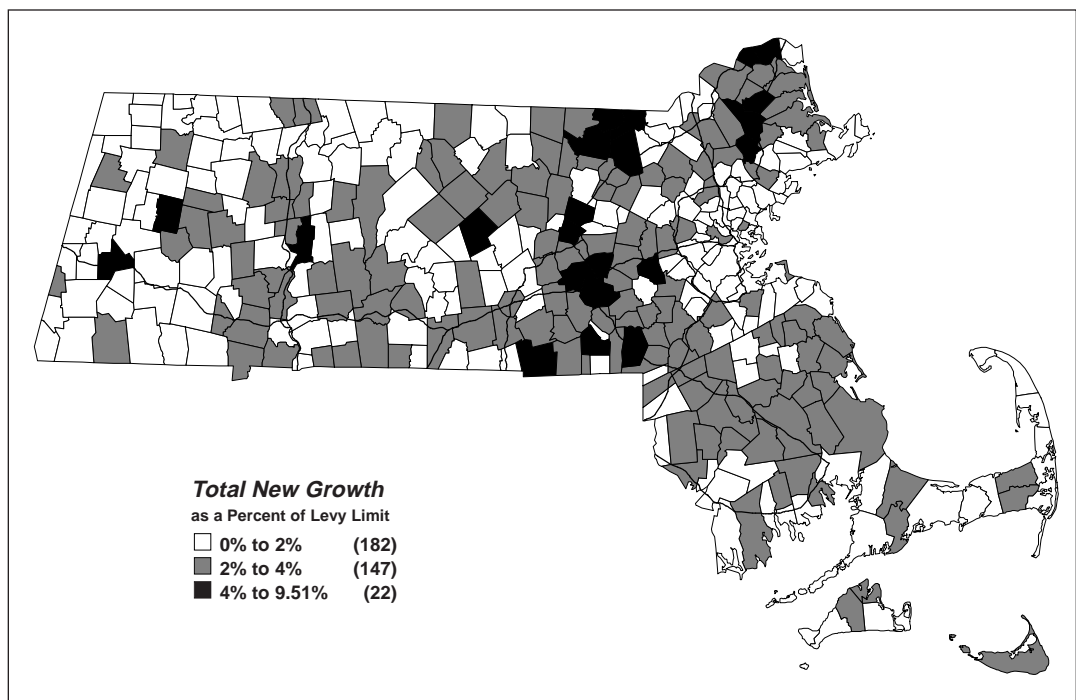


Figure 1

Municipality	Average Residential Growth	Average Commercial Growth	Average Total Growth	ACG as a percent of Ave. LL	ATG as a percent of Ave. LL	Rank-ATG as a % of Ave. LL	Municipality	Average Residential Growth	Average Commercial Growth	Average Total Growth	ACG as a percent of Ave. LL	ATG as a percent of Ave. LL	Rank-ATG as a % of Ave. LL
Abington	178,948	102,448	281,391	0.87%	2.38%	102	Chicopee	114,667	221,689	336,336	0.63%	0.95%	315
Action	696,418	125,973	822,391	0.43%	2.79%	65	Chilmark	41,841	1,567	43,409	0.07%	1.83%	188
Acushnet	136,436	126,442	154,698	0.31%	2.62%	81	Clarkburg*	7,624	1,428	9,052	0.17%	1.08%	301
Adams	20,441	22,752	43,193	0.43%	0.82%	331	Clinton	21,966	60,983	82,979	0.74%	1.01%	305
Agawam	206,627	467,643	674,269	1.94%	2.80%	62	Cohasset	100,159	23,426	123,585	0.19%	1.00%	307
Alford	17,082	396	17,478	0.07%	2.90%	57	Colrain*	11,851	3,275	15,126	0.25%	1.16%	291
Amesbury	616,965	159,810	776,775	1.06%	5.16%	3	Concord	258,676	65,470	324,147	0.22%	1.10%	298
Amherst	267,995	89,335	357,329	0.49%	1.95%	173	Conway	41,954	6,018	47,971	0.32%	2.57%	85
Andover	655,236	541,243	1,196,479	1.05%	2.33%	110	Cummington	17,378	899	18,277	0.12%	2.39%	101
Arlington	70,868	48,361	119,249	0.11%	0.62%	347	Dalton	69,927	20,143	90,069	0.36%	1.62%	226
Ashburnham	67,424	2,560	69,983	0.06%	1.75%	205	Danvers	254,477	214,853	469,330	0.67%	1.47%	256
Ashtab*	29,826	3,101	32,927	0.15%	1.57%	238	Dartmouth	368,035	101,967	470,003	0.46%	2.13%	147
Ashfield*	18,081	4,217	22,298	0.28%	1.48%	254	Deerham	185,435	384,184	529,619	1.22%	1.78%	203
Ashland	376,872	28,514	405,388	0.19%	2.68%	74	Deerfield	48,500	36,245	84,745	0.87%	2.03%	163
Athol	30,726	9,482	40,208	0.22%	0.92%	317	Dennis	172,408	30,619	203,027	0.20%	1.32%	280
Attleboro	377,802	133,882	511,484	0.49%	1.87%	178	Dighton	68,635	31,640	100,275	0.63%	2.01%	168
Auburn	147,033	167,439	314,472	1.17%	2.21%	130	Douglas	198,073	30,637	229,311	0.69%	5.14%	4
Avon	18,687	100,147	118,834	1.52%	1.81%	195	Dover	209,013	9,449	218,461	0.09%	2.07%	156
Ayer	86,124	77,346	163,470	1.01%	2.14%	145	Dracut	288,693	71,517	340,211	0.36%	1.72%	210
Barnstable*	498,625	178,746	677,371	0.36%	1.37%	276	Dudley	40,865	8,395	49,260	0.24%	1.38%	272
Barre	46,821	11,242	57,863	0.42%	2.15%	143	Dunstable	100,576	2,332	102,908	0.09%	4.11%	19
Becket	34,832	2,043	36,875	0.10%	1.87%	180	Duxbury	490,000	28,148	518,148	0.12%	2.23%	127
Bedford	245,996	256,989	502,584	1.32%	2.95%	123	East Bridgewater	166,124	51,393	217,516	0.53%	2.24%	125
Belchertown	239,963	28,777	268,740	0.15%	2.29%	54	East Brookfield	7,642	3,716	11,358	0.28%	0.85%	328
Bellingham	147,960	122,571	270,531	0.92%	2.02%	165	East Longmeadow	237,905	276,448	514,353	1.70%	3.16%	46
Belmont	194,591	90,345	284,938	0.27%	0.85%	327	Eastham	127,135	13,994	121,129	0.18%	1.54%	245
Berkley	83,927	3,672	87,599	0.12%	2.97%	55	Easthampton	109,149	57,638	186,786	0.66%	2.13%	148
Berlin	53,248	234,913	288,160	7.75%	9.51%	1	Easton	374,811	48,305	423,116	0.25%	2.19%	137
Bernardston	29,798	9,108	38,906	0.54%	2.30%	118	Edgartown	115,780	6,973	122,754	0.09%	1.56%	241
Beverly	328,174	269,002	597,176	0.68%	1.51%	249	Egremont	29,623	2,367	31,990	0.13%	1.79%	199
Billerica	453,397	430,938	884,335	0.98%	2.01%	169	Erving	5,731	10,649	16,380	0.42%	0.65%	342
Blackstone*	58,862	12,014	70,695	0.25%	1.45%	263	Essex	62,833	11,797	74,630	0.32%	2.04%	160
Blandford	8,944	7,984	16,928	0.88%	1.86%	182	Everett	30,806	317,934	348,740	0.70%	0.77%	330
Bolton	276,181	30,065	306,246	0.51%	5.20%	2	Fairhaven	64,760	75,251	140,011	0.59%	1.10%	297
Boston	17,888,681	12,571,183	15,999,168	1.59%	1.68%	215	Fall River	212,800	243,544	456,343	0.64%	1.20%	288
Bourne	218,267	57,077	275,344	0.33%	1.61%	229	Falmouth	532,911	106,906	639,817	0.29%	1.71%	211
Boxborough	190,593	61,716	252,309	0.97%	3.98%	23	Fitchburg	165,284	131,614	296,898	0.63%	1.41%	270
Boxford	447,506	16,484	465,991	0.20%	4.96%	6	Florida	4,416	6,920	10,153	0.32%	0.92%	318
Boylston	82,167	23,420	105,587	0.61%	2.74%	67	Foxborough	423,070	50,928	483,990	0.93%	3.06%	51
Braintree	246,495	637,611	884,106	1.65%	2.28%	121	Frammingham	326,341	1,651,121	1,977,563	2.06%	2.47%	95
Brewster	251,758	84,417	336,175	0.71%	2.81%	61	Franklin	1,023,824	196,719	1,220,543	0.82%	5.12%	5
Bridgewater	408,855	71,466	480,322	0.50%	3.38%	38	Freelton	81,380	41,733	123,113	0.61%	1.81%	193
Brimfield	43,843	4,378	48,221	0.17%	1.84%	185	Gardner	113,233	50,208	163,442	0.48%	1.57%	239
Brockton	123,315	741,556	864,880	1.21%	1.42%	269	Gay Head	12,655	742	13,397	0.07%	1.19%	289
Brookfield	23,388	2,239	25,627	0.12%	1.42%	268	Georgetown	222,769	32,479	255,248	0.54%	4.28%	15
Brookline	1,082,960	318,310	1,401,271	0.38%	1.68%	214	Gill	15,874	2,420	18,294	0.24%	1.80%	198
Buckland	11,532	4,653	16,185	0.30%	1.04%	302	Gloucester	394,878	73,327	468,204	0.22%	1.42%	266
Burlington	176,196	426,431	602,627	1.02%	1.45%	262	Goshen	10,577	2,019	12,596	0.21%	1.34%	279
Cambridge	1,449,996	2,008,869	3,458,864	1.27%	2.18%	138	Gosnold	1,201	7	1,208	0.00%	0.45%	345
Canton	396,609	127,537	524,146	0.49%	2.01%	167	Groton	240,841	17,674	258,515	0.17%	2.55%	87
Carlisle	242,368	5,933	248,301	0.07%	3.11%	49	Granby	82,151	8,983	91,134	0.23%	2.33%	113
Carver	117,247	88,955	206,202	0.93%	2.17%	141	Granville	16,570	5,448	24,322	0.43%	1.90%	177
Charmont	11,916	7,204	19,120	0.61%	1.61%	230	Great Barrington	63,504	59,951	123,451	0.70%	1.45%	241
Charlton	159,306	49,658	208,965	0.89%	3.72%	26	Greenfield	96,007	99,213	195,219	0.71%	1.39%	271
Chatham*	117,487	49,188	166,675	0.44%	1.50%	250	Groton	365,877	19,361	385,838	0.23%	4.39%	14
Chathamsh	442,710	230,747	673,457	0.62%	1.82%	191	Groveland	128,473	13,670	141,843	0.31%	3.31%	41
Chelmsford	63,583	330,634	394,217	1.87%	2.23%	126	Hadley	72,067	77,715	149,783	2.08%	4.01%	22
Cheshire	12,546	1,585	14,130	0.10%	0.91%	321	Halifax	139,121	45,256	184,378	0.86%	3.57%	29
Chesler	6,334	1,269	7,603	0.13%	0.78%	334	Hamilton	77,089	5,912	83,001	0.06%	0.90%	322
Chesterfield	24,621	1,843	26,464	0.16%	2.36%	107	Hampden	89,396	10,424	99,820	0.24%	2.30%	119

Municipality	Average Residential Growth	Average Commercial Growth	Average Total Growth	Rank ATG as a % of Ave. LL	ATG as a % of Ave. LL	ACG as a % of Ave. LL	Average Residential Growth	Average Commercial Growth	Average Total Growth	Rank ATG as a % of Ave. LL	ATG as a % of Ave. LL	ACG as a % of Ave. LL	Average Residential Growth	Average Commercial Growth	Average Total Growth	Rank ATG as a % of Ave. LL	ATG as a % of Ave. LL	ACG as a % of Ave. LL
Methuen	362,499	111,376	473,874	273	1.38%	0.33%	92,588	11,255	103,842	68	2.73%	0.30%	378,326	62,615	440,941	66%	0.66%	0.66%
Middleborough	173,153	167,083	340,236	100	2.39%	1.17%	57,930	15,028	72,958	324	0.89%	0.18%	9,076	1,823	10,898	27%	0.27%	1.64%
Middlefield	13,930	1,157	14,987	79	2.62%	0.20%	283,998	552,246	836,243	312	0.97%	0.64%	150,813	6,589	157,402	25	0.16%	3.85%
Middletown	278,460	24,053	302,513	17	4.16%	0.33%	90,305	100,139	190,444	333	0.78%	0.41%	162,053	50,653	212,706	63	0.67%	2.80%
Milford	255,102	271,910	527,012	158	2.05%	1.06%	175,184	101,879	277,063	52	3.05%	1.12%	179,830	133,325	313,156	295	0.47%	1.11%
Milbury	53,961	67,929	121,890	252	1.50%	0.83%	289,076	19,711	308,788	292	1.16%	0.07%	24,258	7,650	31,908	99	0.58%	2.40%
Millis	131,840	16,415	148,255	150	2.10%	0.23%	144,386	26,319	170,705	120	2.29%	0.35%	334,836	137,614	472,450	151	0.61%	2.09%
Milville	58,729	3,245	62,074	37	3.41%	0.28%	49,320	195,766	245,086	338	1.69%	0.55%	267,793	1,535,268	1,803,061	91	2.14%	2.52%
Milton	157,182	39,259	196,441	341	0.65%	0.13%	30,729	6,357	37,086	220	0.65%	0.28%	11,510	52,295	123,805	140	0.92%	2.17%
Monroe	311	229	540	349	0.14%	0.06%	82,187	35,315	117,502	44	3.21%	0.96%	91,947	55,701	147,648	325	0.33%	0.88%
Monson	96,877	19,431	116,308	135	2.19%	0.37%	236,176	68,508	304,684	80	2.53%	0.59%	39,140	63,691	102,832	27	2.29%	3.69%
Montague	607,959	67,563	675,522	233	1.59%	1.04%	81,715	11,411	93,126	303	1.04%	0.13%	10,433	789	11,222	219	0.12%	1.66%
Monterey	20,551	4,136	24,687	171	1.99%	0.33%	1,584	1,360	2,944	348	0.15%	0.07%	6,891	654	7,545	206	0.15%	1.74%
Montgomery*	9,941	329	10,270	259	1.45%	0.05%	72,680	24,303	96,983	133	2.19%	0.55%	90,404	141,357	231,760	340	0.40%	0.65%
Mount Washington*	2,671	214	2,885	251	1.50%	0.11%	5,495	1,701	7,196	286	1.24%	0.29%	459,204	24,613	483,817	152	0.11%	2.09%
Nahant	18,806	3,929	22,735	343	0.56%	0.10%	27,641	2,185	29,826	114	2.32%	0.17%	59,836	85,041	144,877	217	0.98%	1.67%
Nantucket	607,959	96,963	704,922	30	3.54%	0.49%	146,406	9,619	156,025	18	4.12%	0.25%	467,660	200,718	668,377	213	0.51%	1.68%
Natick	543,239	1,270,276	1,813,575	13	4.43%	3.10%	152,658	462,860	615,519	255	1.11%	1.11%	75,616	8,111	83,727	247	0.15%	1.52%
Needham	311,085	365,523	676,608	224	1.64%	0.88%	92,955	31,075	124,029	186	1.84%	0.46%	11,474	4,772	16,246	170	0.59%	1.99%
New Ashford	1,848	674	2,522	274	1.38%	0.37%	10,810	1,654	12,464	310	0.99%	0.13%	63,407	2,834	66,241	278	0.06%	1.36%
New Bedford	252,730	598,456	851,186	216	1.18%	1.18%	372,643	174,263	546,906	90	2.53%	0.81%	70,154	24,226	94,380	258	0.38%	1.46%
New Braintree	7,172	3,393	10,565	235	1.58%	0.51%	129,023	321,585	450,608	227	1.61%	1.15%	52,717	83,357	136,074	196	1.10%	1.80%
New Marlborough*	36,729	2,945	39,674	77	2.63%	0.20%	9,375	1,504	10,879	97	2.42%	0.35%	22,803	2,407	25,210	293	0.11%	1.16%
New Salem	14,727	1,043	15,771	83	2.61%	0.17%	29,012	19,133	31,146	257	1.47%	0.09%	127,699	4,164	131,863	60	0.09%	2.84%
Newbury	115,084	14,541	129,625	132	2.25%	0.25%	103,216	146,354	249,570	212	1.68%	0.99%	96,259	276,921	375,180	281	0.98%	1.32%
Newburyport	358,106	98,509	456,615	104	2.37%	0.51%	447,060	82,858	529,918	105	2.36%	0.37%	36,115	4,801	40,916	192	0.21%	1.81%
Newton	672,660	640,785	1,313,445	311	0.98%	0.48%	55,077	15,927	71,004	187	1.84%	0.41%	111,536	16,414	127,950	70	0.35%	2.72%
Norfolk	192,946	14,219	207,265	122	2.28%	0.16%	15,329	7,044	22,373	260	1.45%	0.46%	736,038	306,364	1,042,403	16	1.24%	4.20%
North Adams	13,648	54,907	68,554	319	0.91%	0.73%	148,220	107,976	257,196	176	1.91%	0.12%	314,771	348,682	663,453	106	1.24%	2.36%
North Andover	659,171	180,293	839,464	42	3.25%	0.70%	106,541	18,907	125,448	24	3.90%	0.59%	789,789	208,392	998,180	11	0.96%	4.60%
North Attleborough	288,711	126,929	415,640	161	2.03%	0.62%	580,896	86,393	667,289	59	2.65%	0.37%	32,906	2,543	35,449	75	0.19%	2.66%
North Brookfield	16,030	4,327	20,357	326	1.86%	0.18%	49,451	3,543	52,994	76	2.85%	0.18%	88,472	41,667	130,138	73	0.86%	2.68%
North Reading	365,719	106,964	472,683	53	2.98%	0.68%	105,726	326,892	432,617	234	1.20%	1.58%	457,150	72,528	529,678	129	0.30%	2.21%
Northampton*	119,770	192,624	312,393	236	1.57%	0.97%	246,608	356,805	603,713	287	1.22%	0.72%	124,448	17,844	142,292	277	0.17%	1.37%
Northborough	446,692	136,147	582,839	350%	3.50%	0.82%	147,774	54,936	202,710	204	1.76%	0.46%	293,112	125,300	418,413	208	0.52%	1.74%
Northbridge	150,987	75,559	226,546	50	3.08%	1.03%	89,392	5,091	94,483	78	2.63%	0.14%	260,004	221,275	481,279	296	0.51%	1.10%
Northfield	34,494	5,342	39,836	222	1.64%	0.22%	401,163	82,979	484,141	8	4.72%	0.81%	22,166	17,035	39,201	94	1.07%	2.47%
Norton	293,418	26,775	320,193	86	2.56%	0.21%	61,667	89,089	150,755	207	1.03%	1.03%	128,986	21,722	150,708	223	0.24%	1.64%
Norwell	182,493	95,750	358,943	98	2.42%	0.65%	204,021	19,498	223,519	36	3.43%	0.30%	198,028	33,100	231,129	209	0.25%	1.73%
Norwood	98,237	271,339	369,576	284	1.27%	0.93%	52,069	45,345	97,414	162	2.03%	0.95%	26,789	3,512	30,301	253	0.17%	1.49%
Oak Bluffs	141,679	29,245	170,924	116	2.31%	0.40%	-	-	-	351	0.00%	0.00%	49,556	31,628	81,184	285	0.48%	1.24%
Oakham	15,549	3,970	19,520	181	1.86%	0.38%	200,618	34,511	235,129	28	3.63%	0.53%	367,249	345,489	712,739	82	1.26%	2.61%
Orange	16,521	49,520	66,071	242	1.56%	1.17%	40,033	19,288	59,321	237	1.57%	0.51%	82,327	12,776	95,103	154	0.28%	2.08%
Orleans	114,288	26,617	140,905	264	1.43%	0.27%	191,534	154,254	345,788	240	1.57%	0.70%	293,081	36,761	329,842	289	0.12%	1.10%
Oris	21,192	3,168	24,360	294	1.13%	0.15%	232,127	255,145	487,272	190	1.82%	0.96%	7,340	972	8,312	290	0.14%	1.17%
Oxford	143,204	34,014	177,218	146	2.13%	0.41%	112,602	32,222	144,824	194	1.81%	0.40%	22,395	18,442	40,837	346	0.17%	0.38%
Palmer	101,380	57,859	159,238	155	2.08%	0.75%	107,097	55,393	162,489	164	2.03%	0.69%	168,331	697,845	866,176	144	1.72%	2.14%
Paxton	56,385	11,188	67,573	202	1.78%	0.29%	469,107	54,790	523,897	157	2.07%	0.22%	221,712	2,067,577	2,289,288	179	0.26%	1.87%
Peabody*	1,359,573	1,532,462	2,893,035	43	3.21%	2.83%	42,867	4,783	47,649	142	2.16%	0.22%	20,665	2,827	23,492	139	0.26%	2.17%
Pelham	17,434	2,340	19,774	282	1.32%	0.16%	155,134	14,495	169,629	58	2.86%	0.24%	242,282	108,096	350,378	34	1.07%	3.47%
Pembroke	249,475	89,025	338,500	109	2.33%	0.61%	120,514	62,057	182,571	313	0.96%	0.33%	201,996	40,761	242,757	304	0.17%	1.02%
Pepperell	125,996	7,396	223,392	56	2.95%	0.10%	142,224	128,857	271,081	134	1.04%	0.40%	367,249	345,489	712,739	82	1.26%	2.47%
Peru	29,814	4,756	34,569	12	4.48%	0.62%	365,129	428,620	793,749	89	2.53%	1.37%	82,327	12,776	95,103	154	0.28%	2.08%
Petersham	12,448	423	12,872	283	1.32%	0.04%	39,240	6,023	45,263	149	2.11%	0.28%	293,081	36,761	329,842	289	0.12%	1.10%
Phillipsburg	22,574	1,348	23,922	71	2.72%	0.15%	302,222	237,649	539,871	172	1.95%	0.86%	7,340	972	8,312	290	0.14%	1.17%
Pittsfield	131,766	526,893	658,659	201	1.79%	1.43%	150,360	67,996	218,356	93	2.48%	0.77%	22,395	18,442	40,837	346	0.17%	0.38%
Plainville	4,401	2,204	6,606	316	0.93%	0.31%	5,476	1,108	6,584	228	1.61%	0.27%	168,331	697,845	866,176	144	1.72%	2.14%
Plainville	84,632	13,273	97,905	221	1.65%	0.22%	156,353	14,615	170,967	124	2.25%	0.19%	221,712	2,067,577	2,289,288	179	0.26%	1.87%
Plymouth	664,297	868,165	1,532,462	112	1.32%	1.32%	105,025	41,790	146,815	103	2.38%	0.68%	20,665	2,827	23,492	139	0.26%	2.17%
Plympton	43,910	19,497	63,407	117	2.31%	0.71%	53,698	4,445	58,143	232	1.59%	0.12%	242,282	108,096	350,378	34	1.07%	3.47%

* Average FY95-FY97

ACG as a percent of Ave. LL — Average Commercial Growth as a percent of average Levy Limit
ATG as a percent of Ave. LL — Average Total Growth as a percent of average Levy Limit

Effects of New Growth

➡ continued from page three

consistent over the three years (FY96, 52 percent and 49 percent; FY97, 55 percent and 45 percent; FY98, 54 percent and 46 percent).

For individual communities, the ratios of residential and commercial new growth over the three-year period ranged from five percent residential and 95 percent commercial for Boston, to 99 percent residential and one percent commercial for Gosnold. Five of the six communities with low rates of residential growth were urban communities. In addition to Boston, these communities were Lawrence (six percent and 94 percent), Everett (nine percent and 91 percent), Lee (10 percent and 90 percent), Worcester (10 percent and 90 percent) and Holyoke (11 percent and 89 percent). The communities with the highest rates of residential growth relative to commercial were all small towns. In addition to Gosnold these communities included Alford (98 percent and two percent), Dunstable (98 percent and two percent), Carlisle (98 percent and two percent), Leverett (97 percent and three percent) and Merri-mac (97 percent and three percent).

Table 1 shows the average amount of new growth applied to the levy limit for each community in Massachusetts for FY96 through FY98. It shows the amounts for residential and open space (listed as residential in the Table), commercial, industrial and personal property (listed as commercial in the Table), and the total amount. It also shows average residential

new growth and average total new growth as a percent of the average levy limit for FY96 through FY98 and the rank on total new growth as a percentage of levy limit. Data for FY95 through FY97 were used for those communities which did not have certified new growth for FY98 at the time this article was written. These communities are indicated with an asterisk in the table. Springfield, Lynn and Lawrence were at the levy ceiling in FY97 and FY98 and had no new growth applied to the levy limit either year. Holyoke and Lowell were able to use a portion of their new growth before they reached their levy ceiling in FY98.

Finally, new growth is based on increases in value during the preceding full calendar year. Thus, for example, new growth for FY98 is based on the growth reported in calendar year 1996 with an assessment date of January 1, 1997. A local option allows new construction between January 2 and June

30 to be taxed in the upcoming fiscal year beginning July 1 (M.G.L. Ch. 59 §2A). This reporting method results in some communities having a transition period of 18 months in the year of implementation. Since the current analysis is based on a three year average this should not have a significant effect on the results.

Statewide Patterns

Figure 1 divides communities into low, medium and high levels of total new growth as a percentage of the levy limit. The map shows that highest levels of new growth tend to be clustered around the Route 495 belt, with the lowest levels of new growth inside Route 128 and in western Massachusetts. Since residential new growth accounts for over 50 percent of total new growth, its pattern roughly parallels the pattern for total new growth.

continued on page seven ➡

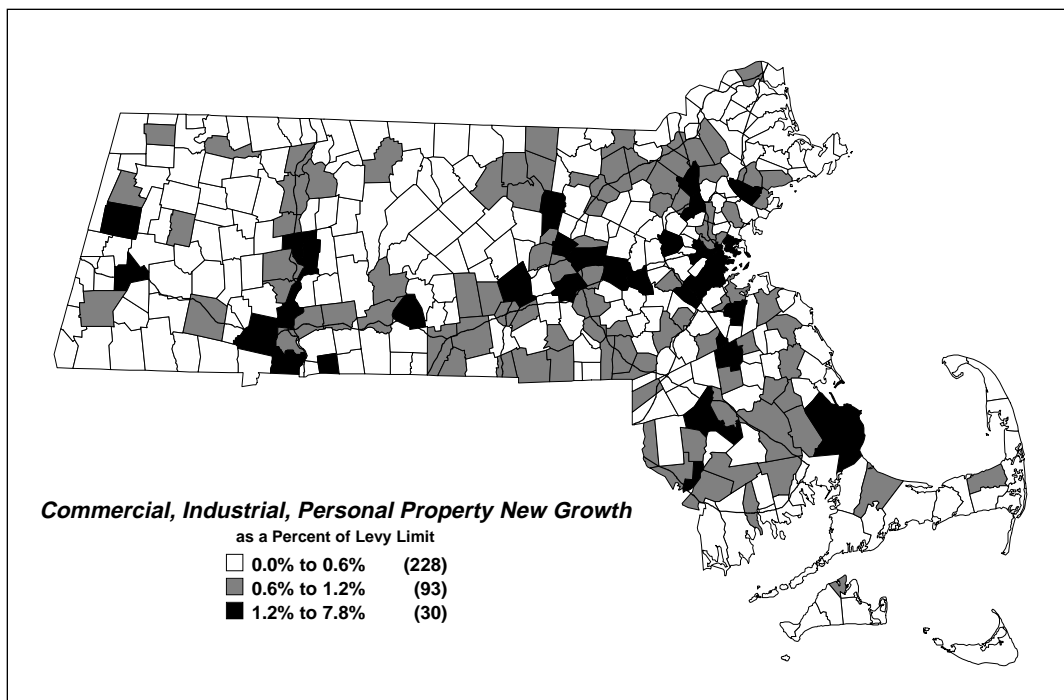


Figure 2

DLS UPDATE

Sewer Rate Relief

A total of \$49 million in sewer rate relief funds was distributed to 115 cities and towns for FY98. The 52 Massachusetts Water Resources Authority (MWRA) member communities received most of the relief, more than \$40.8 million. The South Essex Sewerage District received \$2 million, and 78 cities, towns and commissions received the remaining \$6.1 million. Some communities receive funds for more than one purpose.

Thirteen communities received state aid for the first time to help fund clean water projects. They are Auburn, Charlton, Chelsea, East Longmeadow, Edgartown, Gardner, Lynnfield, Milford, Northboro, Swampscott, Templeton, Wayland and Weston.

For FY98, eligible debt was defined as debt for water pollution control projects, issued after January 1, 1990, with a maturity greater than five years. Projects which received state construction grant assistance are ineligible, as are projects financed through the Massachusetts Water Pollution Abatement Trust which received financing subsidies, unless the amount exceeded \$50 million dollars on June 30, 1995.

The Division of Local Services administers the program in consultation with the Department of Environmental Protection. Communities receiving funds after sewer rates have been set must certify that the aid distributed from the Fund has been, or will be, applied to the reduction of sewer rates. ■

Easier State Tax Filing

The Department of Revenue is expanding its array of technology-driven filing programs for the 1998 tax season, offering taxpayers the ease and convenience of filing their state income taxes without paper. Telefile will be offered to Form 1 filers this year. Form 1 is the longer tax return form. It can be Telefiled if taxpayers meet certain criteria. Telephone icons alert taxpayers to whether they can use Telefile or not.

"There is an information technology revolution going on all around us and DOR is at its cutting-edge. We will continue to develop and implement new systems to benefit both the taxpayers and the Department," said Revenue Commissioner Mitchell Adams.

More than 500,000 taxpayers filed their 1996 state income tax returns by electronic means. They Telefiled, PC filed and filed electronically through their tax preparers. DOR anticipates an increase in the number of 1997 returns filed via electronic methods.

Taxpayers will be able to electronically file returns from their personal computers once again this year. DOR will offer three different methods of PC File, all of which are free of charge. In addition, taxpayers may use a commercial package that can electronically file both a federal and state income tax return. DOR will provide a link on its website to the vendor that will be offering this service. Also new this year, tax preparers will be allowed to Telefile and PC File on behalf of their clients. In addition, direct deposit will be available for all filers, and forms will be on CD-ROM.

Taxpayers who have access to the World Wide Web have also been able to e-mail DOR since January. Questions and comments can

be sent to DOR through the feedback section on DOR's home page found at www.state.ma.us/dor.

DOR's Customer Service Center is open Monday through Friday from 8:45 a.m. to 5 p.m. From January 15 through April, there will be extended hours. To reach Customer Service call (617) 887-MDOR (6367) or toll-free within Massachusetts, 1-800-392-6089. Taxpayers may also order forms and check on the status of their refunds through the customer service phone lines listed above. The phone lines contain 24-hour-a-day interactive voice response system. ■



Effects of New Growth

→ *continued from page six*

Figure 2 looks at commercial, industrial and personal property new growth as a percentage of the levy limit. Here the pattern is somewhat different. There is still a belt of moderate new growth along Route 495. However, the urban centers of Boston, Worcester, Springfield and Pittsfield have high levels of new growth along with places where there has been shopping mall construction or renovation. In fact, the five communities with the highest rate of commercial new growth all had malls constructed or renovated: Berlin, Lee, Holyoke, Natick and Peabody. ■

Municipal Fiscal Calendar

April 1

Collector: Mail 2nd Half Semi-annual Tax Bills

Opportunities for Training

Assessment Administration: Law, Procedures and Valuation (Course 101) will be held at Holyoke Community College on Tuesday evenings beginning March 31, 1998.

New! A *Classification Training Workshop* will be given on Wednesday, April 8, 1998, at 7:00 p.m. at the Lowell Sheraton Riverfront Inn. Call Barbara LaVertue for required preregistration.

A *Classification Training Workshop* will be given on Tuesday, May 19, 1998, in Room C309 at Holyoke Community College.

"What's New in Municipal Law" will be held on May 15, 1998 in West Springfield and on May 22, 1998 in Framingham.

New Officials Finance Forum for newly elected or appointed officials will be held in Auburn on Friday, June 5, 1998.

Data Bank Highlight

This month's Focus article looks at new growth as a percent of levy limit. The Municipal Data Bank has several reports which relate to communities' tax levies and assessed values. The Levy Limits Components report shows the values of the levy limit base, new growth, override and levy ceiling for the last five years. The Municipal Revenue Growth Factor report shows certified new growth as a percent of the previous year's levy limit. Two other reports: Tax Levy by Class and Assessed Values by Class include five-year histories for one or more cities or towns.

To obtain Municipal Data Bank information contact: Stan Nyberg, Dora Brown or Debbie DePerri at (617) 626-2300 for printed reports and data files; Burt Lewis at (617) 626-2358 for the On-Line Access System; or use the World Wide Web address below.

City & Town



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